

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6527

BILL NUMBER: SB 416

NOTE PREPARED: Feb 17, 2011

BILL AMENDED: Feb 17, 2011

SUBJECT: Balance Billing.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill specifies certain requirements for a health facility, health insurer, and health maintenance organization with respect to notice concerning balance billing. The bill also makes conforming amendments.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Health Facilities:* Failure of a health facility to provide the required notice in the bill may result in disciplinary actions taken by the Indiana State Department of Health (ISDH). To the extent this bill increases the number of disciplinary actions taken by the ISDH, workload will increase.

Insurance Companies: Failure of an insurer to provide the required notice in the bill constitutes an unfair and deceptive act. If this bill increases the number of reported unfair and deceptive acts, it may increase the number of hearings the Department of Insurance (DOI) holds to determine if an unfair or deceptive act has occurred.

Explanation of State Revenues: If the Commissioner of the DOI finds, after a hearing, that an insurer has engaged in an unfair or deceptive act, the Commissioner can order one or more of the following penalties: (1) a civil penalty between \$25,000 and \$50,000 for each unfair claim settlement practice and (2) suspension or revocation of an offender's license or certificate of authority.

All money received from civil penalties is deposited into the General Fund. To the extent this bill increases the number of unfair or deceptive act determinations for failing to obtain proper written permission for

substitution of treatment for the insured, revenue to the General Fund will increase. Actual increases are indeterminable.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI; ISDH.

Local Agencies Affected:

Information Sources: Robyn Crosson, DOI.

Fiscal Analyst: Bill Brumbach, 232-9559.